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Ensuring Access to Higher Education: Student Financial Aid

Republicans are balancing the budget to ensure a brighter future for our children and grandchildren. This includes preserving and protecting this nation's investment in higher education — no one should be denied access to higher education on the basis of financial need.

In addition to safeguarding the integrity of the student loan system, Republicans continue to support other student aid programs. Federal spending on student loans is "mandatory" spending; changes to the student loan program are included in the Balanced Budget Act of 1995. Federal spending on other student aid, including the following programs, is discretionary. Funding for these programs is **not** affected by the Balanced Budget Act.

Democrats artfully avoid the facts in accusing Republicans of draconian cuts in federal aid to post-secondary students. Under the Balanced Budget Act of 1995, Republicans achieve savings from changes to the student loan system (including rolling back the direct loan program to 10 percent of total loan volume and increasing risk-sharing on loan defaults with lenders and guaranty agencies) **without increasing costs to students or parents.**

The Balanced Budget Act of 1995 Does Not Include "Education Cuts"

- It contains **no changes** affecting student eligibility for federal student loans.
- It contains **no changes** affecting the amount of funds available for student loans.
- It contains **no changes** affecting the interest rates, interest subsidies or fees charged to student borrowers.
- It contains **no changes** affecting the PLUS loan interest rate for parents.
- It contains **no new fees** imposed on schools.

Protecting Student Financial Aid

The President's proposal for a federal takeover of the student loan system (that is, 100-percent direct lending) will cost taxpayers \$1.5 billion during the next seven years. That increased funding could jeopardize vital funding for student aid programs for the neediest students. Republicans safeguard student aid programs. According to the provisions in both the Senate and House FY1996 Labor/Education/HHS appropriation bills:

- **Pell grant awards** are funded to enable every eligible student to receive an award. The maximum Pell grant to \$2,440, the highest level in the program's history; this is an increase of \$100 over the maximum grant for 1995.
- **College work-study programs** are fully funded at the current level, the same level as the Administration's budget request.
- **Supplemental education opportunity grants**, which provide funds to postsecondary institutions for need-based grants to undergraduate students, are fully funded at the current level, the same level as the Administration's budget request.
- **TRIO programs**, which benefit minorities and disadvantaged students, are fully funded at the current level, the same level as the Administration's budget request.
- **Historically black undergraduate and graduate institutions' programs** are fully funded at the current level, the same level as the Administration's budget request.
- **Perkins loans capital contributions** are funded in order to maintain the current loan volume level of the \$6 billion, self-perpetuating, revolving fund.

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